

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11
:
DELPHI CORPORATION, et al. : Case No. 05-44481 (RDD)
:
: (Jointly Administered)
Debtors. :
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STIPULATION AND AGREED ORDER RESOLVING MOTION OF RUSSELL REYNOLDS
ASSOCIATES, INC. FOR AN ORDER GRANTING AN ALLOWED ADMINISTRATIVE
CLAIM PURSUANT TO SECTION 503(b) OF THE BANKRUPTCY CODE

WHEREAS, on August 2, 2005, Delphi Corporation ("Delphi") entered into an agreement (the "Agreement") with Russell Reynolds Associates, Inc. ("Russell Reynolds"), dated July 12, 2005, pursuant to which Russell Reynolds agreed to conduct a search to find Delphi prospective candidates for a Director of Global Architecture and Infrastructure;

WHEREAS, on October 8 and 14, 2005, Delphi and certain of its U.S. subsidiaries and affiliates (collectively "the Debtors") filed voluntary petitions for reorganization relief in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as amended (the "Bankruptcy Code");

WHEREAS, Russell Reynolds conducted the employment search provided for in the Agreement, and effective February 13, 2006, the employee began working for Delphi;

WHEREAS, upon Russell Reynolds' completion of the search under the terms of the Agreement, the total compensation due to Russell Reynolds under the Agreement was \$200,000 in fees and \$17,333.08 in expenses;

WHEREAS, Russell Reynolds had previously received payments from Delphi on

account of fees and expenses owed under the Agreement in the amount of \$43,670.95 for various invoices dated through January 30, 2006, with such payments being issued by Delphi on September 29, 2005; December 15, 2005; January 10, 2006; and March 2, 2006;

WHEREAS, on or about April 11, 2006, the Debtors, through their third-party accounts payable processor, issued a check to Russell Reynolds in the amount of \$101,035.90 (the "Original Check") that was intended for, and intended to be delivered to, Russell Reynolds for payment of Russell Reynolds' invoice no. 79220, dated February 16, 2006 ("Invoice No. 79220");

WHEREAS, on information and belief, Russell Reynolds never received the Original Check, because the Original Check was diverted and altered by a third party after such check was issued, and ultimately was made payable to one Raymond Moody;

WHEREAS, on or about June 12, 2006, a representative of Russell Reynolds contacted Delphi to inquire about the payment for Invoice No. 79220, and a Delphi representative informed the Russell Reynolds representative that Invoice No. 79220 had been paid with the Original Check;

WHEREAS, on or about June 29, 2006, the claim collection manager of Russell Reynolds contacted Delphi to notify Delphi that Russell Reynolds had not yet received the Original Check in the amount of \$101,035.90 and asked that Delphi stop payment on the Original Check; however, on or about May 25, 2006, the Original Check had previously been cashed or deposited by Raymond Moody at the Pearl Harbor Credit Union in Hawaii (the "Depository Bank");

WHEREAS, on or about July 19, 2006, Michael Iannico of Russell Reynolds issued a forgery endorsement affidavit stating, among other things, that Russell Reynolds did not

receive, endorse, or authorize endorsement of the Original Check;

WHEREAS, on or about August 4, 2006, Russell Reynolds filed the Motion of Russell Reynolds Associates, Inc. For An Order Granting An Allowed Administrative Claim Pursuant To Section 503(b) Of The Bankruptcy Code (the "Motion") (Docket No. 4857) seeking payment of an administrative claim in the amount of \$173,662.13 for payment in full of the remaining amounts due under the Agreement;

WHEREAS, prior to filing the Motion, Russell Reynolds had detailed knowledge of the Original Check, and Russell Reynolds warrants and represents that it did not receive the Original Check and that it was not involved or connected with the diversion or alteration of the Original Check in any way whatsoever;

WHEREAS, on information and belief, Chase Manhattan Bank, Delphi's bank upon which the Original Check was drawn, did not credit the account of Raymond Moody at the Depository Bank;

WHEREAS, Delphi, through its third-party accounts payable processor, issued a replacement check to Russell Reynolds on or about August 16, 2006 in the amount of \$101,035.90, and Russell Reynolds received and cashed this replacement check on or about August 21, 2006.

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND
DECREE THAT:

1. The Debtors shall pay Russell Reynolds the sum of \$72,626.23, which is the remaining balance due under the Agreement.
2. Upon payment of the sum of \$72,626.23, the Debtors will have satisfied their obligations in full under the Agreement.

3. The Motion is hereby withdrawn.
4. The Debtors retain all of their rights to pursue Russell Reynolds for any claims that the Debtors may have arising out of or relating to the Original Check.
5. This Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this order.

So Ordered in New York, New York, this 19th day of September, 2006

/s/ Robert D. Drain
Honorable Robert D. Drain
United States Bankruptcy Judge

AGREED TO AND
APPROVED FOR ENTRY:

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